

General Information Letter: Military retirement pay is not taxed by Illinois.

July 18, 2002

Dear:

This is in response to your letter dated July 8, 2002, concerning Illinois tax treatment of military annuity payments and military retirement Payments.

Department of Revenue ("Department") regulations require that the Department issue only two types of letter rulings, Private Letter Rulings ("**PLRs**") and General Information Letters ("**GILs**"). **PLRs** are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A **PLR** is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the **PLR** are correct and complete. **GILs** do not constitute statements of agency policy that apply, interpret or prescribe the tax laws and are not binding on the Department. For your general information, the regulation governing the issuance of letter rulings, *2 Ill. Adm. Code Part 1200* regarding rulings and other information issued by the Department, can be accessed at the Department's website. That address is [www.revenue.state.il.us/legalinformation/regs/part1200](http://www.revenue.state.il.us/legalinformation/regs/part1200).

The nature of your question and the information provided require that we respond only with a **GIL**.

In response to Questions 1 and 2 of your survey, please be advised that the information contained in "TROA's 2001 Income Tax Guide (for 2000 returns)" regarding Illinois income tax treatment of annuity plans and retirement payments to military retirees is still correct under Illinois law.

Regarding Questions 3 and 4, taxpayers can correspond with the Legal Services Bureau – Income Tax, 101 W. Jefferson, Springfield, Il. 62702 for additional information or to request forms. They can also access the Department's web site at [www.revenue.state.il.us](http://www.revenue.state.il.us).

Regarding Question 5, please be advised that Illinois allows internet and electronic filing of individual income tax returns. The regulations governing this matter are available online at the aforementioned website.

Question 6 is not relevant since the retirement pay in question is not taxable in Illinois. However, for your information, please take note that Illinois subjects the taxable income attributable to this State of an individual to a flat 3% tax, and so would impose the same amount of tax using the Kansas/California method as would be imposed by computing the tax on Illinois – sourced income only.

As for Question 7, Ill. Inc. Tax Act Sec. 502(c) (copy enclosed) provides that individuals who file jointly for federal income tax purposes must usually file jointly for Illinois income tax purposes. There is a narrow exception to this rule discussed at Sec. 502(c)(3), which is self-explanatory.

As stated above, this is a **GIL** which does not constitute a statement of policy that applies, interprets or prescribes the tax laws, and it is not binding on the Department. If you wish to obtain a **PLR** which will bind the Department with respect to the application of the law to specific facts, please submit a request conforming to the requirements of *2 Ill. Adm. Code Part 1200*.

IT 02-0026-GIL

July 18, 2002

Page 2

Sincerely yours,

Jackson E. Donley,  
Senior Counsel-Income Tax